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FISCAL IMPACT STATEMENT

LS 6914

BILL NUMBER: HB 1397

NOTE PREPARED: Jan 14, 2004

BILL AMENDED:

SUBJECT: Economic Development.

FIRST AUTHOR: Rep. Bosma

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill consolidates various provisions related to the Indiana Economic Development Corporation, community development, and the Office of Economic Development into a single article of the Indiana Code. The bill establishes the Department of Tourism and consolidates tourism functions assigned to the Department into one article of the Indiana Code. The bill also establishes the Office of Energy Policy and consolidates energy-related functions assigned to the Office of Energy Policy into one article of the Indiana Code. It also consolidates certain provisions related to the Commissioner of Agriculture into a one article of the Indiana Code. The bill repeals provisions related to the Department of Commerce that are transferred to the Indiana Economic Development Corporation, the Department of Tourism, or the Office of Energy Policy. The bill makes conforming changes.

Effective Date: July 1, 2004; July 1, 2005.

Explanation of State Expenditures: This bill implements the reorganization of economic development, community development, tourism, and energy programs enacted in P. L. 224-2003, which established the Indiana Economic Development Corporation (IEDC) (see *Background* discussion below). The IEDC is a body politic and corporate, not a state agency, but an independent instrumentality exercising essential public functions. Generally, the bill follows the reorganization specified in P. L. 224-2003. However, the bill makes 4 alterations to the reorganization specified in P. L. 224-2003:

(1) The bill adds 3 members to the IEDC Board and changes the appointing authority for several Board members. (See *Background* discussion below for the IEDC Board membership specified under P. L. 224-2003.) Pursuant to P. L. 224-2003, IEDC Board members are entitled to a salary per diem equal to the per diem for members of the General Assembly for attending meetings. In addition, Board members are to be reimbursed for actual and necessary expenses on the same basis as state employees. The salary per diem and

expense provisions are not changed by the bill.

Under the bill, the IEDC Board is composed of 26 members, none of whom can be members of the General Assembly. The IEDC Board membership under the bill is as follows:

(a) The Lt. Governor is a member of the IEDC Board.

(b) The three IEDC Board members added by the bill are the Chairman of the Indiana Port Commission, the Chairman of the Indiana Development Finance Authority, and the Director of the newly created Department of Tourism.

(c) 15 members appointed by the Governor who must be employed in, or retired from, the private or nonprofit sector. The bill requires the Governor to consider for one appointment each the recommendation of Speaker of the House of Representatives, President Pro Tempore of the Senate, House Minority Leader, and Senate Minority Leader.

(d) 7 members appointed by the Governor who must be employed in, or retired from, the private or nonprofit sector, or from academia. The bill requires the Governor to consider for one appointment each the recommendation of the presidents of Indiana University, Purdue University, Indiana State University, Ball State University, Ivy Tech State College, Vincennes University, and the University of Southern Indiana.

(2) The bill changes the reorganization of community development programs. The bill shifts all community development programs to the IEDC. Under P. L. 224-2003, community development programs were to be shifted from the Indiana Department of Commerce (IDOC) to a new Department of Tourism and Community Development. Consistent with this change, the bill establishes a Department of Tourism for all tourism programs currently under the IDOC. This change from P. L. 224-2003 is not expected to have any fiscal implications.

(3) The bill provides that the Indiana Development Finance Authority (IDFA) is not a subsidiary of the IEDC. Under P. L. 224-2003, the IDFA would have become a subsidiary under the oversight of the IEDC.

(4) The bill provides that the Film Commission and the Indiana Business Modernization and Technology Corporation are subsidiaries of the IEDC, with the IEDC having some oversight responsibility for these two entities. (P. L. 224-2003 specified five other entities to be subsidiaries of the IEDC.) The bill requires both entities to: (1) Report to the IEDC at least quarterly about their operations; and (2) provide any information requested by the IEDC. Any additional expenses relating to these two requirements presumably could be absorbed under the budget and resources of these entities.

Background: P. L. 224-2003 established the IEDC and the IEDC Board, and transferred the responsibilities of the Indiana Department of Commerce (IDOC) relating to economic development in Indiana to the IEDC as of July 1, 2005. P. L. 224-2003 provided that the IEDC is a body politic and corporate, an independent instrumentality and not a state agency.

Under P. L. 224-2003, the IEDC Board is composed of 23 members, none of whom can be members of the General Assembly. The Lt. Governor is a member of the Board. The Governor, Speaker of the House of Representatives, President Pro Tempore of the Senate, House Minority Leader, and Senate Minority Leader each appoint three members of the Board. The presidents of Indiana University, Purdue University, Indiana State University, Ball State University, Ivy Tech State College, Vincennes University, and the University of Southern Indiana each appoint one member of the Board. Under P. L. 224-2003, IEDC Board members are

entitled to a salary per diem equal to the per diem for members of the General Assembly for attending meetings. In addition, Board members are to be reimbursed for actual and necessary expenses on the same basis as state employees.

P. L. 224-2003 transferred the current duties of the IDOC relating to economic development to the IEDC on July 1, 2005. P. L. 224-2003 also made the entities listed below subsidiaries of the IEDC with oversight of the subsidiaries beginning on July 1, 2005. (Note: P. L. 224-2003 also made the Indiana Venture Fund, which does not exist, a subsidiary of the IEDC.)

- (1) Indiana Small Business Development Corporation.
- (2) Indiana Economic Development Council.
- (3) Indiana Development Finance Authority.
- (4) Indiana 21st Century Research and Technology Fund.

P. L. 224-2003 also transferred the current duties of the IDOC relating to energy policy to a newly created Office of Energy Policy on July 1, 2005. P. L. 224-2003 also established a Department of Tourism and Community Development on July 1, 2005, and transferred the current IDOC duties relating to tourism and community development to this agency.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation; Indiana Department of Commerce; Indiana Small Business Development Corporation; Indiana Economic Development Council; Indiana Development Finance Authority; Indiana 21st Century Research and Technology Fund; Indiana Business Modernization and Technology Corporation; Indiana Film Commission.

Local Agencies Affected:

Information Sources:

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